

## Wisconsin Right to Life, Inc.

### POLITICAL ACTION COMMITTEE

Chair Michael Moegenburg Sheboygan

Andrew M. Bath Milwaukee

James Erceg Milwaukee

Betty Tassoul Green Bay

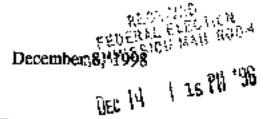
Al Christianson Madison

Donald Zahalka Oshkosh

Jeanne Zahalira Oshkosh

Par Transarer Richard Fox

Legislative/Pac Director Susan Armacost



Richard Ng Federal Election Commission Washington, DC

Dear Mr. Ng,

This letter is response to the December 3 letter from John D. Gibson who has asked us to clarify three items in regard to our 12 Day Pre-Primary Report (7/1/98-8/19/98).

1. Mr. Gibson states that "failure to make payments to your connected organization <u>prior to the use</u> of the mailing list could result in prohibited corporate contributions." Mr. Gibson then asks us to establish that payments were made to our connected organization, Wisconsin Right to Life, Inc., prior to the use of the mailing list by providing the dates that the independent expenditures were made, the dates that the mailing list was used and the dates the connected organization was reimbursed for use of the mailing list.

According to s. 116.2 (e) (2) of the Code of Federal Regulations - Federal Elections, the definition of "Extension of Credit" includes "Any agreement between the creditor and the political committee that the political committee will have additional time to pay the creditor beyond the previously agreed to due date. In this section, "creditor" means "any person or entity to whom a debt is owed,"

I also call your attention to s. 116.3 (b) (1) (2) (3). In that section, "Incorporated Vendor" is defined as "A corporation in its capacity as a commercial vendor may extend credit to a candidate, a political committee or another person on behalf of a candidate or political committee provided that the credit is extended in the ordinary course of the corporation's business and the terms of credit to nonpolitical debtors that are of similar risk and size of obligation." This section then sets forth several criteria in order to determine whether an extension of credit is part of the "ordinary course of business."

For years, our connected organization Wisconsin Right to Life, Inc., has rented its mailing list, at fair market value, to numerous federal and state candidates as well as the Wisconsin Right to Life PAC. In all cases, Wisconsin Right to Life, Inc. charges fair market value to those who rent the list with payment expected within 30 days.

Wisconsin Right to Life, Inc. has granted the Wisconsin Right to Life PAC and others extensions to complete full payment of the list rental. In granting such extensions, Wisconsin Right to Life, Inc. expects regular payments to be made or else face paying interest to Wisconsin Right to Life, Inc. for late payment. These are the same stipulations placed on any entity or person who rents the Wisconsin Right to Life, Inc. list. The manner in which Wisconsin Right to Life, Inc. deals with the Wisconsin Right to Life PAC's rental of the mailing list is well within their "ordinary course of business."

The Code of Federal Regulations, as it pertains to Federal Election activity, nowhere states that it is illegal to carry out an independent expenditure prior to making full payment to a creditor, even if that creditor is an "incorporated vendor." According to the Code, the only way this transaction would, in any way, be open to question is if the Wisconsin Right to Life PAC stopped making payments and Wisconsin Right to Life, Inc. "ate" the cost. But even then, the Commission has latitude in determining whether that is illegal. (s.116.4 (b) (1) (2).) At any rate, Wisconsin Right to Life PAC has always paid in full for the rental of the list, even though it has been done in installments.

As we stated in our previous letter to the Commission on this matter, Wisconsin Right to Life PAC has been renting the mailing list of Wisconsin Right to Life, Inc. in exactly the same manner for years. That is, the debt was paid off in installments even while the list was being used for election activities. These transactions have always been fully reported to the Commission in past election cycles and have never been previously questioned. We are absolutely confident that these are legal transactions as stipulated in the Federal Code. We are certain that the Commission would have questioned them long ago had they been problematic.

2. Mr. Gibson has asked us to clarify why items for "wages for time spent on direct election activities" are listed as independent expenditures. Whenever we put together an election activity that is an independent expenditure, we have been reporting all expenses related to that activity as independent expenditures. The portion of an individual's salary commensurate with the time they spent putting together an independent expenditure have been expenses that we have reported as independent expenditures. We wanted to be sure to report, as independent expenditures, all expenses related to carrying out independent expenditures.

Please advise us as to whether the Commission wishes us to continue to report these wages as independent expenditures or whether they should be reported as disbursements.

3. The outstanding balances owed to Alan Neuwirth, A to Z Printing, TQ Mail and First Breath Alliances that appear on this report were subsequently paid in full and are reported as such on the next report (October 15 Quarterly). I have enclosed Schedule D from both of those reports.

Sincerely,

Susan Armacost, Assistant Treasurer

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#### Federal Election Commission

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